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C O N F I D E N T I A L SECTION 01 OF 02 ACCRA 000263

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DEPT FOR AF/W

E.O. 12958: DECL: 03/17/2029

TAGS: [PGOV](#) [KDEM](#) [PREL](#) [GH](#)

SUBJECT: KUFUOR'S RETIREMENT PACKAGE STIRS DEBATE

Classified By: Ambassador Teitelbaum for Reasons 1.4 (b) and (d)

1. (C) Summary. President Kufuor's retirement package, approved in the dying moments of the outgoing parliament, continues to be controversial. The package, with generous pension, bonus, housing and travel benefits, followed recommendations made by a committee chaired by an advisor to former President Kufuor. The legislation also provided retirement and ex gratia (bonus) awards to MPs, former cabinet members, and other senior government officials. Former President Kufuor expressed to Ambassador Teitelbaum his frustration at how he feels he has been treated by the media and the new government. The media has carried conflicting reports over whether former President Kufuor's selection of a government property for his Accra office had the necessary approval of the new Mills' Administration, or even if such approval was necessary. The retirement package, by being generous, provides an incentive for the president to retire at the end of the constitutional term of office, and thus adds to the stability of Ghana's democratic system.

2. (C) March 13 Ambassador Teitelbaum received a call from former President Kufuor, who vented about criticism from the new government and the media of his administration over Ghana's developing budget crisis. Like other recently retired leaders, he was learning that, fairly or not, a new government will blame the previous government for the difficulties they inherit. Kufuor was also concerned about reports that youth organizations were threatening to gather outside the government owned bungalow he occupies as an office in Accra's Ridge neighborhood. There were media reports that the Ga-Dangme Youth Association had made plans to rally outside the building to protest Kufuor's use of it. The Association, which prior to the 2008 election protested outside a nearby property occupied by a former NPP minister, is opposed to the expropriation of traditional Ga lands by non-Ga. (Note: The Ga homeland is the present day Accra area, although they have not had a majority of the city's population since independence. Much of central Accra is occupied by non-Ga owners. On March 24 the Osu Traditional Council, another Ga organization, called for Kufuor to vacate the property. It is not clear whether these Ga group's actions reflect any partisan objectives. NPP officials, however, are reading the situation that way. End Note.).

3. (SBU) The retirement package was developed by the Presidential Committee on Emoluments, chaired by Mary Chinery-Hesse, a former Deputy Director-General of the International Labor Organization and an advisor to former President Kufuor. The committee, which was established in 2004, issued its report in December, 2008. The report recommended a schedule of retirement and ex gratia benefits for the retiring President and departing Cabinet Ministers, senior members of the government and Members of Parliament. On January 6th, the outgoing Parliament, in its last sitting before adjournment, passed the emoluments. (Note: Some commentators have questioned whether Parliament, acting in

haste, followed all of the procedures legally necessary to approve the legislation. End Note.) Parliament's approval met with quick public criticism, both as to cost to Ghana's strained budget and for the last minute, closed door nature of the vote. Some members of the NDC shared in the criticism. President Mills' candidate for Minister of Works, Moses Asaga, took heat for his role in passing the legislation (his interest being benefits for retiring MPs), and Mills withdrew Asaga's name from cabinet consideration. Public opinion remains strong against the package, with a recent public opinion poll showing 90 percent of those surveyed against the plan. (Note: Polling in Ghana is not always free of bias. End Note.)

14. (SBU) The legislation provides for a generous retirement package for the outgoing head of state. The former president is entitled to receive an annual, non-taxed pension of Ghana cedis (GHC) 55,000 (USD 40,000). He receives a fully furnished house in Accra, and another at a location in Ghana of his choosing. These houses are to stay with the President's family and do not revert to the state. Residential support staff are provided, as is a fully equipped office with five staffers and secretarial support, all provided by the GoG. For travel, the former president is to receive six cars (3 saloon, 2 SUV's and an all purpose vehicle) for his use, with insurance, maintenance and fuel provided by the state. He is allowed paid overseas travel for up to sixty days per year for himself, his spouse, and three staff (5 star accommodation, first class travel), plus entertainment expenses (not specified) to be paid for by the State Protocol Office. The package also includes an ex-gratia award of over GHC 440,000 (USD 315,000) for a single

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four-year term, and another GHC 221,000 (USD 158,000) for the second term. Finally, the president is allowed a USD 1 million contribution of seed money for the creation of a presidential institute or foundation. Econoff estimates the total value of the package to be worth less than USD 2 million in cash, and under USD 2 million equivalent for the properties, travel and other non-cash benefits over a decade of retirement.

5.(SBU) The media has provided extensive coverage to the process by which former President Kufuor's office came to be located in a government-owned building. There are conflicting reports as to whether Kufuor sought approval to use the building, and whether approval was necessary. The back and forth statements between Kufuor's office and the President's office, and confusion with the Mills' administration over who said what when, continued for several days. However, Kufuor's office remains in the government bungalow in Accra's government district.

16. (C) Comment. Ghana's presidential retirement package is generous, but the generosity serves a purpose. Ghana's constitutional democracy is still young, and while the last election showed Ghana's able to handle stress, it is still an evolving process. A system that provides a clear incentive for the head of state to retire, in dignity and with the potential for future, non-elective public service, may be enough to discourage future third term cravings. There is even a hint of genius to the plan, in that the publicly financed rewards of office are backloaded. A President receives a relatively low salary while in office, but is paid well to leave office, as planned, at the end of two years. That said, Ghana's governance would have been better served if it had been open to public input and debate. The Ambassador will seek an opportunity to raise the issue with President Mills. The Ambassador will note that the details of the package are for Ghanaians to decide, but that allowing youth groups to harass a former President would set a very negative precedent. End Comment.

TEITELBAUM